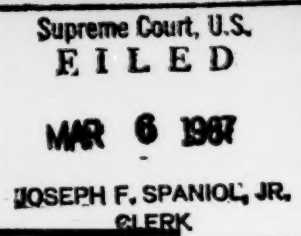


(3)  
No. 86-913



IN THE  
**Supreme Court of the United States**  
OCTOBER TERM, 1986

ROBERT W. HEINEMANN

*Petitioner,*

v.

UNITED STATES

*Respondent.*

On Petition For A Writ Of Certiorari To  
The United States Court Of Appeals For  
The Federal Circuit

REPLY MEMORANDUM

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## REPLY MEMORANDUM

Notwithstanding respondent's Memorandum in Opposition to the contrary, it is petitioner's contention that the Court of Appeals' decision is not correct. It is not correct on the law, nor on the colored and erroneous<sup>1</sup> limited facts taken out of context from the Proceedings of a three day trial. Further, the decision (1) conflicts with several prior decisions of this Court, (2) conflicts with a decision of the 3rd Circuit which provided for a de novo review in a similar case; (3) violates the Constitutional doctrine of separation of

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<sup>1</sup> The "facts" depicted by respondent are in error and misleading in several respects: (1) Respondent states, Mem. In Opp. at p. 4, that "the Court found that the Army correctly determined that petitioner's invention bore a direct relation to and was made in consequence of his official duties". This was based on the Court of Appeals' findings that petitioner was assigned "coordinating laboratory work and acting as a liaison for *researchers* (emphasis)." Pet. App., 10a. Yet, petitioner's supervisor testified in the Proceedings, p. 351, Pet. App., Court of Appeals, p. 366, "We did no research work in the laboratory." See also pp. 340 and 355 respectively. (2) Malgeri testified that he was working merely on a "seeker" which would provide the necessary signal to cause a guidance and control capability to steer a barrage rocket to impact the target. Proceedings p. 483, Pet. App., Court of Appeals, p. 291. However, respondent using the Court of Appeals' terminology would incorrectly lead this Court to believe that Malgeri was working on a total weapon system. Resp. Mem. In Opp. p. 2. (3) Respondent's reference to the statement of the Court of Appeals that "Petitioner became interested in Malgeri's project and he conceived an idea for a similar weapon," Pet. App. 2a-3a, is a similar misrepresentation of facts. *Firstly*, because the work of Malgeri was limited to work on a seeker for guided weapons, constituting only "one part" of a total weapon system; and *secondly* because petitioner's novel total weapon system is claimed as obviating a need for either a homing or guidance capability. See limitation in Claim 1 of petitioner's Patent No. 4,050,381, and all other claims of the patent similarly limited in scope.

powers, and (4) involves a "property taking" issue of substantial importance adversely affecting the valuable patent property rights of many thousand "future" Federal employee inventors. In addition, the projected procurement on petitioner's invention by the Department of Defense, on the 155 mm projectile alone, is \$1,500,000,000 based on 1985 dollars. The 8 inch weapon system to be fielded by 1990 will increase the dollar figure considerably.<sup>2</sup> Thus, review by this Court is warranted.

1. In the first three pages of the Memorandum in Opposition and other sections thereof, respondent attempts to convince this Court that the Court of Appeals' decision is correct on the "facts." Thus, obviating a need for this Court to consider the "Questions Presented" by petitioner.

Respondent would have this Court believe that the Department of the Army (Army), the Commissioner of Patents and Trademarks (Commissioner), and the Court of Appeals found that the "facts" in this case show that petitioner's invention bears a direct relation to or was made in consequence of petitioner's official duties, and based upon these "facts" respondent is entitled to ownership. First of all, the "facts" do not show that petitioner's invention bears a direct relation to or was made in consequence of petitioner's official duties. Rather, the "facts" show that the Army, the

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<sup>2</sup> Department Of Defense Appropriations For 1985. Hearing Before A Subcommittee On Appropriations, House of Representatives, Ninety-Eighth Congress, Second Session, Subcommittee on the Department of Defense, p. 115. Also, see Pet.App. 4a identifying the nonhoming, immediate fire warhead, i.e. petitioner's invention, as SADARM.

Commissioner, and the Court of Appeals "presumed" such a relationship between the invention and petitioner's duties based upon (1) the "presumption" of the Order raised by petitioner's coordination and liaison duties, and (2) a finding by the Army and Commissioner, on the colored and limited "facts," that petitioner had not rebutted the presumption. In this regard, see the indented paragraphs, Pet. App. 5a and 6a.<sup>3</sup>

But more importantly, however, in the Court's consideration of the "facts" in this case, there are only three ways for respondent to acquire ownership of petitioner's patented invention; namely, under (1) the principles of common law; (2) a constitutional executive order; and (3) an express employment agreement (contract) authorized by law.

Under common law, the Court of Appeals' decision is not correct. As this Court decided in *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 53, S.Ct. 554 (1933), respondent would have the "burden of proof" to show that petitioner was "employed to devise" the military weapon system claimed in petitioner's patent, before respondent may lay claim to petitioner's patent. Pet. 19-21, and FN's 16 and 17. However, petitioner was "not" employed or assigned (i) to invent or improve or perfect any art, machine, manufacture, or composition of matter, nor was petitioner employed or assigned (ii) to conduct or perform research, development work or both. Petitioner was merely assigned to coordinate labo-

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<sup>3</sup> Under the common law, there is no presumption of assignability. Further, the employer (respondent) must prove that the employee (petitioner) was "employed to devise" the invention to which the employer seeks ownership. Pet. 19-21.



ratory work and to act in a liaison capacity. These general duties of petitioner do not comport with "ownership entitlement" under common law. It is noted that respondent's Memorandum in Opposition avoids any mention of *Dubilier* or any other decision of this Court's body of common law.

2. In an apparent effort to administratively and judicially establish an unconscionable "new policy" of misappropriating the property rights of many thousand "future" Federal employee inventors, in direct violation of the constitutional doctrine of the separation of powers, respondent disingenuously:

(i) construes mere "housekeeping statutes" as Presidential authority to issue a "property taking" Order, i.e., Executive Order No. 10096, whose substantive and procedural criteria go well beyond common law:<sup>4</sup>

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<sup>4</sup> Respondent in FN 4, Mem. In Opp., states that *Chrysler Corp. v. Brown*, 441 U.S. 281, addresses only 5 U.S.C. 301. Thus, respondent concludes that *Chrysler* is not applicable to Section 3301 and 7301. Petitioner is aware that decisions which strike down statutes, orders, or regulations are normally narrowly construed, *Dames & Moore v. Regan*, 453 U.S. 654 (1981). However, the thoughtful analyses provided by *Chrysler*, Pet. FN 2 and FN 4, in finding that Sections 301 is merely a "house-keeping statute" would be equally applicable to Section 3301 and 7301. Further, after respondent correctly states that Section 301 does not authorize a regulation permitting the release of "trade secrets", respondent contrasts the release of "trade secrets" with a taking of "patent property rights". Yet, trade secrets and patents are both "intellectual property". This would more than suggest that Section 301 also does not provide authority for the President to issue the Executive Order for "taking" petitioner's patent property. In addition, it is illogical to conclude, after this Court found Section 301 to be a "house-keeping statute," that in another application Section 301 could



(ii) stretches the imagination beyond belief in its analyses for finding "congressional acquiescence" in the literal interpretation of the Order;<sup>5</sup>

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delegate authority to legislate. Furthermore, Section 301 merely applies to the custody of "its" property, or property which respondent already owns. Thus, respondent begs the question when stating that Section 301 enables the executive branch to prescribe regulations governing . . . the custody of its property. Respondent also mentioned that *Letter Carriers v. Austin*, 418 U.S. 264 (1974), relying on Section 7301 sustained the validity of an executive order establishing a Labor Relations System for Federal employees and suggested this decision would lend support for providing the President authority to "take property" under Executive Order No. 10096. Such an analysis is not considered reasonable nor is it warranted in light of the legislative history of Section 7301, especially in view of *Chrysler*. There is nothing in the legislative history to suggest that Section 3301 authorizes the President to "take property", nor would such "taking" promote the efficiency of the civil service. Finally, none of the statutes relied upon, viz 5 U.S.C. Sections 301, 3301 or 7301, set forth the necessary "substantive criteria" or "Congressionally defined procedures" for "taking property". As such, if these statutes provided the necessary authority, each successor President could conceivably issue an Order as he deemed fit; either "taking" all patent rights from a secretary inventing a new baby bottle at home, or "leaving" all patent rights in a Phd. employee scientist, hired to invent, who entirely during working hours invents the very specific item covered by his patent. Would not such authority grant the President open ended authority to "legislate?"

<sup>5</sup> For all the reasons advanced by petitioner, Pet. p. 14-19, if Congress acquiesced in the Order at all, it was in the common law practice under the Order. Further, contrary to respondent's allegation that petitioner relies solely on the presentation by the Director of the Office of Federal Employee Inventions as evidence for the use of common law during the ten year time frame since *Kaplan v. Corcoran*, 545 F.2d 1074 (7th Cir. 1976), the articles by Messrs. Tresansky (1985) and Raubitscheck (1986),

(iii) improperly suggests that petitioner has entered in an agreement or contract with respondent;<sup>6</sup>

(iv) summarily dismisses petitioner's right to a de novo review without regard to this Court's holdings and the 3rd Circuit's holding to the contrary;<sup>7</sup>

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Pet. FN 5 and 15 respectively, prove to the contrary. The latter article is particularly pertinent since it was written by the identical person who made the Army determination regarding petitioner's rights. In addition, the 35 years practice of common law under the Order further negates respondent's claim to "Congressional acquiescence" in the literal reading of the Order especially when viewed in light of this Court's decision in *Federal Power Commission v. Pan Handle Eastern Pipe Line Co. et al.*, 337 U.S. 489, 69 S. Ct. 1251 (1949). This Court found, "Thus for ten years the Commission has never claimed . . . to use such important power. . . . We cannot attribute to Congress the intent to grant such far-reaching powers as implicit in the Act when that body has endeavored to be precise and explicit in defining the *limits* to the exercise of federal power (emphasis)." 337 U.S. at 513, 514, 69 S. Ct. at 1260.

<sup>6</sup> A new argument, not found in the Court of Appeals' decision, that the Executive Order is incorporated into Federal employment contracts and constitutes a term of employment is raised by respondent in FN 8. However, petitioner did not execute an "express employment agreement" or "contract of employment" incorporating the terms of Executive Order No. 10096 which would permit respondent to "take property". If Congress had specifically provided the substantive and procedural criteria of the Order, petitioner agrees that any employee entering Federal service would be subject to such an Order. Such an Order would be appropriately issued by the President pursuant to a Congressional mandate. However, absent such fact, the new argument is completely without merit.

<sup>7</sup> For all the reasons advanced by petitioner, Pet. pp. 21-22, this Court has held that petitioner should have been granted a de novo review. In addition, the Court of Appeals' decision conflicts with a decision of the 3rd Circuit, *Zimmerman v. United*

(v) attempts to ignore the existence of a "property taking" issue of substantial importance involving the patent property rights of many thousand "future" Federal employee inventors<sup>8</sup>; and

(vi) incorrectly states that there is no conflict with any decisions of this Court or any other court of appeals.<sup>9</sup>

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*States*, 422 F.2d 326, 165 U.S.P.Q. 33 (3rd Circuit 1970). In reviewing a decision by the Commissioner of Patents under Executive Order No. 10096, the 3rd Circuit in *Zimmerman* held, "The respective rights of the government and inventor may be judicially determined, not on review, but *de novo* in that Court in an action for compensation after the patent has issued (emphasis)." 422 F.2d at 330, 165 U.S.P.Q. at 36. "That Court" was the U.S. Court of Claims, now the Claims Court, the same court which denied petitioner the right to a *de novo* review.

<sup>8</sup> The "property taking" issue has substantial importance to many thousand "future" Federal employee inventors. The reason for the almost complete absence of litigation concerning Executive Order 10096, as respondent in the Mem. In Opp., p. 5, is that prior to late 1985, the patent rights of Federal employees were determined under common law. However, as noted in the Petition, p. 19, FN 15, since late 1985, the Commissioner is no longer following common law. Consequently, under a literal interpretation of the Order, respondent hereafter will confiscatorily take greater patent property rights than heretofore. Thus, absent the necessary Congressional action to establish the substantive and procedural criteria for "taking" such property, all future Federal employees inventors of the approximate 5 million civilian and military complement, who would not have been required to grant respondent either an assignment or a license to practice the invention under common law, would now, to their detriment, be required to do so under the Order.

<sup>9</sup> See the decisions of this Court and the decision of the 3rd Circuit in *Zimmerman* cited by petitioner as being in conflict with the Court of Appeals' decision.

3. For the reasons set forth in the Petition and for reasons noted here, Supreme Court review is warranted. Further in the simple interest of justice, not only for petitioner, but for all "future" Federal employees inventors, the decision of the Court of Appeals would appear to call for an exercise of this Court's power of supervision. Thus, the Petition for Writ of Certiorari should be granted.

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